

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Seventh Session
February 27, 2013**

The Committee on Government Affairs was called to order by Chairwoman Teresa Benitez-Thompson at 9 a.m. on Wednesday, February 27, 2013, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at nelis.leg.state.nv.us/77th2013. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Teresa Benitez-Thompson, Chairwoman
Assemblywoman Dina Neal, Vice Chairwoman
Assemblyman Elliot T. Anderson
Assemblywoman Irene Bustamante Adams
Assemblyman Skip Daly
Assemblyman John Ellison
Assemblyman James W. Healey
Assemblyman Pete Livermore
Assemblyman Harvey J. Munford
Assemblyman James Oscarson
Assemblywoman Peggy Pierce
Assemblyman Lynn D. Stewart
Assemblywoman Heidi Swank
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:



None

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Committee Policy Analyst
Jim Penrose, Committee Counsel
Jennifer Dalton, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Adam Mayberry, representing City of Sparks
Shaun Carey, City Manager, City of Sparks
Ted Olivas, representing the City of Las Vegas
William Arent, Director, Las Vegas Redevelopment Agency
Elizabeth N. Fretwell, City Manager, City of Las Vegas
Ricki Barlow, Councilman, Ward 5, Las Vegas City Council
Carolyn G. Goodman, Mayor, City of Las Vegas
Terry Murphy, President, Downtown Las Vegas Alliance
Rich Worthington, President, Molasky Group of Companies
Miles R. Dickson, Principal, Moonridge Group Philanthropy Advisors
Jonathan Jossel, Board of Directors, Downtown Las Vegas Alliance, and
Managing Director, Tamares
Russell Rowe, representing Boyd Gaming Corporation, Zappos, and
Nevada Development Authority
Seth Schorr, CEO, Fifth Street Gaming
Sam Cherry, CEO, Cherry Development
Jonathan Leleu, In-House Counsel, International Market Center,
Las Vegas
Brian McAnallen, representing Las Vegas Metro Chamber of Commerce
Jeff Victor, President, Fremont Street Experience
Brian M. Weigand, Executive Vice President, Focus Commercial Group
Nicole Rourke, representing Clark County School District
Dotty Merrill, representing Nevada Association of School Boards
Jack Mallory, representing Southern Nevada Building and Construction
Trades Council
Paul McKenzie, representing Building and Construction Trades Council of
Northern Nevada, AFL-CIO

Chairwoman Benitez-Thompson:

[Roll was taken. Committee protocol was explained.] We will be listening to
a presentation from Sparks Redevelopment Agency presented by

Mr. Shaun Carey, the City Manager. Then we will move on to the hearing on Assembly Bill 50. Please, begin your presentation, Mr. Carey and Mr. Mayberry.

Adam Mayberry, representing City of Sparks:

We will be providing an overview of redevelopment agencies, their purpose and background. We are here to educate and inform. The City of Sparks had the first redevelopment agency in the state of Nevada back in 1978. Mr. Carey is the City Manager for the City of Sparks. He has been the City Manager since 2000 and has good institutional knowledge regarding how redevelopment agencies work and their function. Assembly Bill 50 is applicable to only the City of Las Vegas. The City of Sparks is neutral on that bill, so this is an opportunity for us to provide some information.

Shaun Carey, City Manager, City of Sparks:

Sparks became the state of Nevada's first redevelopment agency back in the late 1970s. Redevelopment is a very critical tool for all of the cities in Nevada in order for us to remain economically competitive as times change. My city was created at the turn of the twentieth century. Following the construction of transcontinental railroad, a city was formed. Following the traditional lines of the Union Pacific, the lots were laid out in street grid patterns. As you go a hundred years from that date, those lot lines and configurations lack the economic ability to serve our community well. Redevelopment becomes a primary tool to transfer conditions that may be blighted and opportunities to invest in public infrastructure to truly get at the revitalization of neighborhoods and communities. Keep in mind that we build homes today with a service life. The lifespan of a residential construction today is not the same as it was 50 years ago, so these have a defined life. Commercial buildings today are much different than they were at the end of World War II with the advent of the need for parking, drive-throughs, being comingled, and having lot lines that allowed for all of those setbacks to be met to present a modern appearance.

In the City of Sparks, we are also fortunate to have the Lincoln Highway be replaced by Interstate 80. It came right through the heart of our downtown. We needed to reposition our community's central infrastructure in its downtown spine to move forward. The leaders looked at California redevelopment law and brought that to Nevada. The Legislature approved those laws with a Nevada flavor to them and gave a tremendous tool to city governments, elected leaders at the local level, to look at the at the problems unique to their community.

Redevelopment areas today have a lifespan of 45 years. The idea is when you start redevelopment, you take where the property taxes are, the amount that is actually received, and you freeze them. You allow any growth in that, from that point forward, to flow the redevelopment agency for a combination of private

and public investment as incentives to revitalize core pieces or create imaginary pieces that draw people to your downtown. Importantly, you can also go in and do façade loans, which can be specifically used to freshen up and bring forth a brand or a theme. For example, a brewery in downtown Sparks can achieve their goal of a Victorian theme. Redevelopment can also be used to do important things in infrastructure. Streets in my community that were over 50 years old had matured trees and landscaping and busted sidewalks. We needed a cohesive pattern to deal with those things. You have trusted that reinvestment choice to local government. Looking forward from the decisions that my forefathers at the council level in our community made have been effective in turning our future around. It is a unique tool that you must leave with each council in our state to look at their own community. It is one of the few tools we have that can change outcomes in areas of our community.

It can be affordable housing. Our redevelopment agency took on blighted areas because we wanted our communities to be enhanced rather than forgotten in the rush to build new homes with three-car garages on the fringes of our community. We have worked very diligently to save these communities and make them livable. In our redevelopment area, we have also chosen to invest in affordable housing because a community must provide housing to all ranges of residents. We put in some very exciting senior products that have been overwhelmingly successful. As we look at the demographics of the future, affordable housing for this population is important. We also see an important emergent need for affordable family housing in our community. We need to find tools that will address that.

We could not have done this with city revenues. We share the tax structure with Washoe County, the school district, the State of Nevada, a conservation district and we are a very minor portion of that. Our tax rate is \$0.91, but by capturing that increment, we gained the leverage to be a player and change the direction of our downtown. Revitalization in Sparks has worked because of this law.

We have also been able to take the moment to reinvest, not letting property values fall, but making key investments that would cause them to rise. All boats would rise if you could reverse blight. It takes one spot of blight to change a neighborhood's complexion. Heaven knows we have seen that all over the state with this great recession that began in 2007 in my community. It also provides a unique tool for good stewardship and private/public partnerships. We have done that in Sparks. We are most proud of building a movie theater, which is a place for our community to gather. It is a catalyst to keep alive the restaurants that were in Victorian Square historically. This is an important tool to cities all over the state. Greenfield projects, those that are out there on the

fringes of our community in brand new master planned communities, have a different package of economic incentives. They are surrounded by new neighborhoods. This redevelopment partnership allows cities to strategically grab hold of an idea, put an investment in, and watch what happens around it. You can see good examples of this all over the state.

Beginning in 1978, we took on our town center project. In 1999, we opened our second redevelopment district a little bit differently, but it had a primary purpose. We were trying to take a 150-acre construction site that had hazardous materials and blighted soil conditions and turn that in to a revenue generator so that we could revitalize the Conductor Heights neighborhood. It is a very interesting neighborhood; it was created at the turn of the century. When the railroads moved to Sparks, they literally picked homes up off the ground in Wadsworth, put them on flat cars, brought them into Sparks, and put them in Conductor Heights. It served the railroad community for years. Today, it is a mixed bag. It has some remaining residential areas, some commercial areas, and some industrial areas. We saw our ability to transform that from a blighted area with small lot lines that were no longer providing the kind of parking that would encourage new uses, and we have applied that.

We also took a strip mall corridor from the 1960s, which was along the state highway. State highways are a beautiful thing when they are built, but they do not really bring together the types of qualities you see in livable communities today, which have complete streets, pedestrian walkways, landscaping, bike paths, and those types of things. We knew we needed to take that road on and have it fit in our community, so we took the Oddie Boulevard corridor along. We also had one of the first Kmart's that was ever built in northern Nevada in a shopping center from the 1960s converted to other uses because we did not want to see that go dark. We have been participating with making it possible for private investment. I am pleased to tell you that investment has come to that area. Today, that center has a new life. It is competitive with other areas. The fuel for this was the Sparks Marina and our ability to attract a major national destination—the Legends project. That is an infusion of 900,000 square feet into northern Nevada. It provides the fuel—the ability to create tax increment to go after these two older areas.

I do not believe the stories that I am telling you are unique. I believe they exist in the council chambers all across the state of each community looking at their challenges in their older areas, for housing, for infrastructure, and standing up and doing the right thing. Yes, there probably have been mistakes, but Nevada's future is not in the rearview mirror. It is where we can take our downtowns and our communities forward into the future. That is what we are trying to do in Sparks.

You will see a map that shows you that closed grid system of streets, which clearly tell you this is a railroad community [(Exhibit C) slide 7]. You can see that southwest industrial area, which is actually Conductor Heights. You can see that long strip along Oddie Boulevard, an old state highway that predates my birth, that did not catch up to livable street standards of today. Then, you can see the engine of the Sparks Marina, an 80-acre lake that used to be a Superfund site as it was contaminated from the tank fund that spilled into it. Redevelopment gave us the fuel to take on those environmental challenges and turn that into a true jewel for our community.

We also addressed our fire department [slide 8]. When Sparks was formed, we built a fire and police headquarters in downtown. We far outstripped that as we grew from a city of 30,000 residents to 90,000 residents. In the '70s, one of the first things they began to do is build a headquarters. We have two engine companies and a truck company protecting John Ascuaga's Nugget and all of our downtown area. It gives us great response. We have completed the 14-screen theater that I spoke about earlier. All downtowns, because of lot sizes, need help with parking. We have done that by building two parking structures, which make our land uses downtown much easier. You pull in, park, and go shop. You do not have to drive in circles and deal with all of the hassle that causes you do go somewhere in the suburbs. We made façade loans. We are really proud of how those façade loans turned out in Victorian Square. It has been an investment that has paid dividends of creating a brand and identity. We also took a half an interchange and put redevelopment money in to get a full-access interchange where you can stop in both directions of Interstate 80. Interstate 80 carries about 8 million people a year. We like to think we opened that flow of traffic into our downtown and provided us an ability to connect to it. That has been one of our principal accomplishments.

We have done a lot of redevelopment in old neighborhoods. We had dirt alleys, which are paved today because of the Sparks redevelopment area. They are much more livable, better for the environment, and improve property values. We have secured \$10 million in land to anchor the downtown as a retail destination. It is not happening yet because market conditions changed. In 2008, as our economy turned south, it became a new ball game. We have done the right things for the future, and we want to be positioned to take advantage of when times get better.

We have completed a streetscape that is the envy of any community that would like to hold special events. We have done our investments into two senior projects. Importantly, communities have schools in them. Our community has made an investment into the elementary schools, the high schools, and the junior high schools within our redevelopment area for the specific purpose of

making sure those schools come along. When Spanish Springs High School opened, a brand new multi-million dollar investment, it was the City of Sparks that was investing in improvements to Sparks High School. We put in a brand new gymnasium floor and a track. We acquired parking so there would be adequate parking for the number of students attending the school. We just contributed to put up a reader board in front of the school. We have gone to the STEM (Science, Technology, Engineering, Math) Academy at Dilworth Middle School, and we have helped them build the types of classrooms and technologies that they need. We have gone to Robert Mitchell Elementary School, a school that is seven years old, and put grass on the playground. It has made such a difference for the kids to get out and enjoy that. So, we have done it holistically.

Great pictures of downtown Sparks are on slide 10 ([Exhibit C](#)). I think we are Nevada's special events location. We are very proud of how Victorian Square has been designed to host about a million people a year. Come into our downtown. Our biggest event is Hot August Nights. The rib cook-off alone brings 600,000 people, about 100,000 people a day. The whole town smells like pork ribs; I will just say that is a good thing.

One of our accomplishments is Marina Village on the shores of the once environmentally-challenged gravel pit. Marina Village includes 59 single-family homes and 200 apartments. We have another apartment complex just coming out of foreclosure, which will get going in the next year. You will see there is a community-scale village—not tall buildings—that serves the lake. Our community has taken to the Sparks Marina like no other. Redevelopment also provided the framework for us to complete the Legends project, which is going to provide the fuel for us to complete our investments along Oddie Boulevard and along Conductor Heights in time.

In the Great Recession, we faced some tremendous challenges and losses in property value. A single source for redevelopment is property values. All boats rose, but the plug was pulled on property values in our state; they fell precipitously. There are two slides that you have that show very clearly what that path has been ([Exhibit D](#)). The first one is the history of assessed valuation. It is simply taking the assessed value against the base, which is where the property tax collection in their total volume was frozen and distributed to the other parties. This is what the agency has done. That green represents investment in Nevada's communities. They are investments that are held in the hands of elected officials at a local level and one of the principal tools that we have to use to preserve our communities in Nevada. Now, we had a tremendous recession in Sparks following the 9/11 incidents and when the Indian gaming, tribal gaming if you will, got going in California. That was

our first recession. We had just started coming out of that, and then hit another recession in 2008. The green is investment. We are going to end our redevelopment life in 2023 because we feel we will be done at that time. It will be this total column over here that we hand back and allow for our community's agencies—the county, the school district, the state, and the city—to move forward because we think we follow the plan—a plan of vision and that had tenacity. We are committed to seeing that through.

The second slide is redevelopment area two. You can see where that started with its base value, and you can see how it climbed with the creation, first, of the Marina Village, creating proper infrastructure, such as proper streets and storm drains that manage the 100-year flood plain and getting rid of environmental problems. We are pretty proud of that. You can see that it also fell because of the great recession. We still have a positive story. It is this story here that our community is going to follow. Just as we have in downtown, we have a plan. We are going to come out of this with a revitalized Oddie Boulevard corridor in one of oldest parts of Sparks, and we are going to take on our first neighborhood, Conductor Heights and make sure that has a platform for redevelopment.

These stories are not unique to Sparks. They are shared by Reno, Henderson, Las Vegas, and every local government that has seen blight. Redevelopment is a tool that has been effective in Nevada. Some folks challenge it, but I say to you, it is making a difference in hometowns all across your state. With that, I would be happy to answer any questions you may have.

Assemblywoman Neal:

Where are the concentrations of poverty in Sparks? Regarding Legends, my understanding is that Legends is not doing very well and is backed by Sales Tax Revenue (STAR) bonds issued for the project and it is backed by about 75 percent of sales tax. Is that correct?

Shaun Carey:

We have been following the poverty levels in our community with every census, and it was very clear in the 2000 census that west Sparks—that area inside the McCarran ring, principally south of Prater Way—was an area of great economic challenge. Our redevelopment area focus use of our Community Development Block Grant (CDBG) funds has gone to that area. We have also chosen to build a community center there to make sure we captured a place for youth to do things. We have been including a focus on making sure that west Sparks, where we have poverty and we have conditions, has been our focus in this plan. Part of that green band and the values we have created are being invested and have been invested in that problem.

The Sparks Legends project is a success. Today, it is covering all of the bonds that we have issued. Its reserves are fully funded; in fact, it just had its best Christmas ever in our community. It exceeded its amount for bonds by 17 percent. Sales are up. It has not achieved its full potential. We have 900,000 square feet there; our total project is somewhere around 1.7 million square feet. That is related to the economy. The seven or eight stores that were coming to that project in 2008 were hit by the recession. The borrowing and investments being made in the retail community nationally, ceased. They all had to pull back and see what was going to be the fallout. I am pleased to tell you that we are going to move forward with investments in the Legends project. On Thursday, we are opening an Old Navy Outlet. It is closing in another part of our community and opening there, which, I agree, is a challenge. I am working with Senator Debbie Smith to address that challenge; there should be a bill before you this session because that is a policy question that we want to make sure gets addressed.

We are also going to start on a 12-screen movie theater and make the connection that comes with movie theaters to additional restaurants and additional retail. We are on a steady course. Our developer went through bankruptcy—as so many have done—but they have come out of that process with a bank behind them, and they have investments that will be made. It is going to provide the fuel for Oddie Boulevard; not on the pace that we were used to in Nevada during that early part of the 2000s where all boats were rising in a tide, but we are not going to sink. We are going to come out of this, and we are going to achieve our goals. I believe the Legends project has been a success for our community. It is the home of the world's largest sporting goods store, and that is an attraction that our community needed. I believe you are going to be seeing lots of good reports for years to come.

Assemblywoman Bustamante Adams:

I had the privilege of visiting Marina Village last year so that I could get a visual picture of the area. When I went there, I thought I was going to see what was on the brochure, but I did not see that. There were a lot of empty commercial spaces. So, what is the occupancy rate now? When I went, somebody had broken into one of the empty office spaces, so it was boarded up with plywood. It was different from what I had expected and not what was in the picture.

Shaun Carey:

Are you speaking of the blue commercial building along the lake or the Legends project?

Assemblywoman Bustamante Adams:

I am speaking of the building along the lake.

Shaun Carey:

That was part of the Marina Village project. It was originally built to be commercial space on the bottom and to be condominiums above. The condominium market was not there, so as the building originally opened, they were going to sell it as "lake view property, beautiful views of the mountains. That did not work, so it changed hands. Another developer stepped in, and he converted it to business space upstairs. That also did not work, so now, it is kind of a mixed bag. However, it does have a new investment coming to it. That parking garage to the left has come out of foreclosure. It is now on the table for investment. It is actually going to be in design, and it will break ground next year. You will find the finished façade. As that commercial building moves into the future and the demand for office and retail space returns, we think that property right along the lake will return to the vitality that the developers have tried to achieve. Again, it is a casualty of the real market conditions that swept through northern Nevada.

Chairwoman Benitez-Thompson:

Are there any additional questions from Committee members? [There were none.] I have one. I am thinking about redevelopment in general. I see here the base value, which is the property value and property values are flat, so with the green and what you actualize, what you call growth and incremental value, what does that finally translate to in terms of property value revenue?

Shaun Carey:

In downtown Sparks, it is approximately \$1.2 million per year. It has been as high as \$2 million per year back when we had that peak around 2010. We have bonded against some of it to do parking garages. The others we are using as pay-as-you-go. Today, we are reworking the plaza area so that it is better for craft shows. We sat down with the craft show organizers and looked at where we could put a stage and how we could work with them because we think that people love to come to downtown Sparks in the summer.

Chairwoman Benitez-Thompson:

When you talk about when your redevelopment plan ends, does that also lineup with when your debt service is complete on bonding those projects?

Shaun Carey:

Yes.

Adam Mayberry:

Again, I would like to extend an open invitation to all of the Committee to tour our city and the redevelopment area whenever you would like. We appreciate the opportunity to come provide some information as well.

Chairwoman Benitez-Thompson:

Are there any other questions from the Committee members? [There were none.] With that, I will go ahead and open the hearing on Assembly Bill 50.

**Assembly Bill 50: Revises provisions relating to local government finance.
(BDR 22-253)**

Ted Olivas, representing the City of Las Vegas:

As you know, this is the second bill that the City of Las Vegas has presented to this Committee. We presented Assembly Bill 25 a few weeks ago. I wanted to thank your staff for working with me to get information put into the Nevada Electronic Information System (NELIS). You should have our presentation in NELIS ([Exhibit E](#)). In addition to that, there should be a document that is our fiscal year in review ([Exhibit F](#)). Finally, there is a proposed amendment to Assembly Bill 50 ([Exhibit G](#)). It should be a part of the bill; it deals with section 4, which Mr. Arent will get into. I am joined today by Bill Arent, our director of economic and urban development. I am also joined by Mayor Carolyn Goodman. To her right, is Betsy Fretwell, our city manager. Down south, we have Councilman Ricki Barlow. We have a short presentation, and we will begin with Mr. Arent.

William Arent, Director, Las Vegas Redevelopment Agency:

Starting off, I would like to thank Mr. Carey for his presentation, for his overview of redevelopment, and for his public service.

The City of Las Vegas started its redevelopment agency in 1986. Since that time, we have done a lot of things. The redevelopment area in the City of Las Vegas is primarily the core of downtown Las Vegas. Our original project area, which we started in 1986, has been added to four times. That original project area now constitutes approximately 3,900 acres. It is still a very small portion of the city, but it is the urban core and the heart of the city. The city has been using redevelopment as a tool to address the physical condition of downtown, which in many respects is similar to what Sparks has done. We are also using it as our main driver for promoting economic development. We think that redevelopment has evolved to become an important tool for economic development. In that regard, we have a twofold mission with redevelopment. The first goal is to try to attract private capital investment to our redevelopment area. The second goal is to promote and expand the business base and, in doing so, recruit new employees to downtown and to the City of Las Vegas. In that respect, we have had a lot of success, and Mayor Goodman will mention that in her remarks. We have also focused very heavily on public/private partnerships. We do not want the city to invest its dollars alone; we are trying to attract private capital investment. With every investment we make, we are

making it with that in mind and asking how we can attract new private capital investment. We have done this in a variety of ways. The city has promoted its redevelopment efforts by investing in what we think is a sound strategy focusing on risk.

We have done and funded redevelopment in four ways. The first way is what we have labeled pay-as-you-go funding. This kind of funding is for smaller projects devoted to small business. For example, we have a commercial façade program to fix up storefronts, similar to what Sparks has done. We also have a quick start program in which we are trying to improve the interior of buildings. The City of Las Vegas, at least by our standards, has some of the oldest commercial buildings in the market, some of which are 50 or 60 years old and outdated. We are making those spaces available for business using redevelopment funding. With that, we are getting private dollars invested alongside with us. The second way we have invested dollars is by buying land and having an extensive land acquisition program. This is really important because one of the classic problems of redevelopment is oftentimes a downtown has a lot of vacancy—not just vacant buildings, but also vacant lands, lots, and parcels that are underdeveloped or undeveloped. With redevelopment, we can help with the market, acquire land, and sell it to private developers for new projects. The third way we have funded redevelopment is tax increment financing, which is simply a way to offer an incentive for developers on a performance-driven basis in which we take future taxes from future development and pledge a portion of that new revenue back to the developer. The final method is through bonding authority, and I will cite a project example for that.

One of the projects that we have done using pay-as-you-go funding is the Buy Low Supermarket in west Las Vegas. This grocery store had been sitting vacant since when the Vons grocery store vacated and left the community without a grocery store. The City of Las Vegas Redevelopment Agency worked very hard at recruiting a grocery store to take over that space. We provided a small grant over a seven-year period tied to their performance, making sure they would be open for seven years, investing it in that store. The result is that the store is still doing well and thriving; it has helped to attract additional retailers to that center. It is helping to attract retail to the whole community.

The second project that I wanted to cite is the Federal Justice Tower. This was a piece of land that the City of Las Vegas Redevelopment Agency had owned at Las Vegas Boulevard and Clark Avenue, across the street from our Lloyd D. George United States Courthouse and Federal Building. We purchased that land back in the early '90s, and we were a patient investor, which is something that a redevelopment agency can do that the private sector cannot.

We can wait for the right project that will add value to the tax base and add jobs. We were successful in doing that. We acquired the land at a fairly low cost; we sold the land at the higher of our two appraised values. We made some net income because our sale price was above our original purchase price. The result is that the Federal Justice Tower is under construction, and they are in development. The project will be going on the tax rolls for a minimum of a 15-year period. Even though it is federal tenants, there is a private developer, SDA, Inc., that is building the project. It is going to help attract future office development to the area. There will be a minimum of 300 jobs, both from the U.S. Attorney's Office as well as the U.S. Immigration and Customs Enforcement office. Again, this is helping to stabilize the area and attract new development.

The third project that I wanted to mention is the Las Vegas Premium Outlet Mall. This project has been a tremendous success. The project was originally conceived with over 430,000 square feet of retail space. It was built on schedule. The second phase added 109,000 square feet. The third phase, which has just been announced, is 132,000 square feet. In total, the project is adding over \$22 million in sales tax revenue to the tax base. We worked very hard with the developer of the project, Simon Properties. The project is very successful. That new sales tax revenue, had the redevelopment agency not intervened, would not be available to the other jurisdictions throughout the state. If not for the investment of the redevelopment agency, that project would not have happened. This is a good example of how redevelopment is a win/win for our community. Not only is it generating new private investment and new jobs, there is new spending and a lot of new taxes—not just from property taxes, but also from sales tax, modified business tax, and from new consumer spending.

The final project that I would like to mention is The Smith Center for the Performing Arts. This is what we like to think of as our legacy project. In 2009, the City of Las Vegas Redevelopment Agency issued \$85 million in bonds, and that is most of our outstanding debt today. We did that for a specific purpose: to support this catalyst project together with Symphony Park to change the face of downtown. We were the largest community in North America without a regional performing arts center, and not having an amenity like that was not only hurting our residents, but hurting business as well. Businesses look to the community support and provide world-class amenities, and not having a regional performing arts center hurt the City of Las Vegas when we were working on recruiting businesses. It also is in the heart of our former railroad site, the 61 acres now known as Symphony Park. This is classic redevelopment at work—where you have an old brownfield site that had been sitting vacant for decades. If not for the City of Las Vegas

Redevelopment Agency, we would not be able to put this land to use and attract new investment. We have been able to do that. We have the Cleveland Clinic Lou Ruvo Center for Brain Health, which is now open. It is a 70,000-square-foot facility that is seeing patients every day, conducting clinical trials, and bringing a new center of excellence to the city and to the entire Las Vegas Valley. So, what was the result of The Smith Center? It has been built and is serving as the anchor for the region. The construction cost alone was \$246 million, but when you look at all the furnishings and the equipment inside the facility, it is a project of over \$400 million. We also have a new children's museum that is supported by this project and is due to open next month.

What does this mean in terms of dollars and cents? We have had a tremendous amount of success in attracting private investment. Between 2002 and 2010, we have expanded the tax base, by assessed valuation, by \$1.5 billion. As you know, assessed valuation is not the true value of the capital being invested. When you look at it from how much private capital is being invested, that is approximately \$4.5 billion. There has been a tremendous amount of investment in downtown in a short period of time. Of course, we have seen a great recession and a huge correction in the real estate market. That has affected everyone, and it has affected the redevelopment agency as well. We have had a drop in our commercial tax base, including off that new value that we put on the tax rolls, of about 60 percent. What that has meant for us is a strapping of tax base, but if you would like to look at it—and there is a slide here with a green and blue bar chart [([Exhibit F](#)) slide 13)—what that means is even with the drop in the tax base, our tax base is still about double where we were for the original project valuation. The original project value, the base was about \$570 million. We have added \$530 million of increment before this year, so it is almost still double the tax base, even with that huge correction.

What has that meant to us as an agency? More of our budget each year is going toward debt. We have the capital investment that we have made for The Smith Center, for the Symphony Park project, and for that project alone, the debt expense is over \$9 million. Even with this correction, even with more than a 60 percent drop in revenue, the redevelopment agency is still healthy financially. We are able to meet all of our debt needs. The agency is meeting that requirement itself; we are not reliant upon the city. In practical terms, it means we do not have a lot of cash left over each fiscal year to invest in new projects. So, we really think this is hurting us is in our ability to invest in new projects in small business, which is the lifeblood of downtown now. We have a tremendous amount of business activity. New tech businesses are moving in as well as new restaurants and new nightlife. Really, with economic development now, it is all about place. Businesses are drawn to a place, and

we are having a tremendous amount of business activity and interest from existing businesses looking to expand into the downtown area and new businesses from outside the market looking to come in. For Las Vegas to be able to compete with the Austins of the world—San Francisco, New York, Chicago—we need to have to have a great sense of place. We need to be investing alongside of the private sector. Without redevelopment, we are going to be challenged to do so.

With that, I would like to turn it over to City Manager, Betsy Fretwell, who is going to go over some particulars of the bill, and then we will end with Mayor Goodman making some remarks.

Elizabeth N. Fretwell, City Manager, City of Las Vegas:

I think this would be a great time in our presentation to ask Councilman Barlow to share some of his observations about some of the outcomes of some of the redevelopment activities, since Mr. Arent led into that. Councilman Barlow represents the primary area of redevelopment, so I think this would be a good opportunity for him to share his unique perspective on the impact of redevelopment and our activities in his ward. Councilman, I would like to turn it over to you.

Ricki Barlow, Councilman, Ward 5, Las Vegas City Council:

I am pleased to talk to you about all the exciting activities taking place not only in the downtown area, as Mr. Arent stated in relation to the wonderful projects that have taken place in the downtown community over the years. It is really exciting.

I would like to digress for a moment, speak from the perspective of the community, and tell what the Redevelopment Act (RDA) has done inside of the neighborhoods that are adjacent to the downtown community. The urban core redevelopment area in the City of Las Vegas is more than the traditional downtown. The redevelopment agency has been critical in investing in key areas throughout Ward 5 and particularly in the historical west Las Vegas community. Some important projects that Mr. Arent alluded to developed thus far include the vital market, which is right in the center of the historic west Las Vegas community, as well as the Edmond Town Center. Just a few short years ago—five to six years ago—this was a blighted development. It was a stalled development, and as Mr. Arent mentioned, if not for what the redevelopment agency was able to do as far as to leveraging its resources, we were able not only to bring in a grocery store to a space that had been dormant for four years prior, but a lot of development in terms of businesses have come into that strip mall since. It is really an exciting place for retail because the community now has an opportunity to shop right where they live instead of

having to travel several miles in proximity to get to the resources that they use on a daily basis. In addition to that, the redevelopment area was very important as it relates to the Bank of America that currently sits on the corner of Washington Avenue and Martin Luther King Boulevard. If it were not for the redevelopment agency that purchased the parcel that leveraged our resources with this national tenant, Bank of America, there would not be a national bank within the neighborhoods, and the community would not have the opportunity to take advantage of it.

The façade program that we have through the City of Las Vegas allows for up to \$50,000 for exterior use for façade treatment. It is used by business downtown and inside the neighborhoods. The community is starting to catch fire as it relates to businesses taking advantage of all of these wonderful opportunities in order to enhance the look and integrity of the communities where we reside. I can recall when I started working for the City of Las Vegas as a liaison in 1999. The community and downtown were dark, dismal places where nobody wanted to do anything. It was, unfortunately, riddled with crime. Today, I am so excited—13 years later—to sit here as the representative and look at how we worked at the City of Las Vegas, previous mayors and councilmembers and the current mayor and councilmembers, to rid the communities and downtown of all of the blight. Today, we have communities that have lower crime rates, and we have a downtown that is vibrant and colorful. People are just starting to talk about all of the excitement that has taken place in and around the neighborhoods and including downtown.

Now, I understand also that we have a group, the Downtown Las Vegas Business Alliance, who is in the audience today. During their testimony, they will share with you the relationships and the collaborations and the excitement of what is taking place in and around downtown and in the communities. They will tell you how important that is to their bottom line to bring tourists and residents back into these areas that were once vibrant. As a native of Las Vegas, I am very excited to sit here and see all of the excitement that has taken place all throughout the City of Las Vegas, particularly in the redevelopment area. We have worked so hard to improve the quality of life of our residents, making sure that we have a safe community where tourists will have an opportunity to come play and leave the necessary resources to help us to keep our lights on for the next visitors who come through. I am excited about that.

There is much work left to do that requires an extension of the sunset of the RDA by 15 years. We are pushing so diligently and deliberately for this because the RDA is due to sunset in 2031, which only leaves 18 years on our current RDA. When we established the RDA, it was at the height of the market. If we

wanted to refinance any of our debt, we would be unable to do so because traditionally bonding opportunities are 20 or more years for refinancing. We fall just short of that. I look at this as an opportunity for us, as we are just starting to get our legs underneath us and stand up as a community that is able to sustain itself.

It is vitally important that we have an opportunity to move forward, carry this ball, and continue with the great work we have done. We really are doing all that we can to be prudent in our efforts to make this a world-class community, the City of Las Vegas. I stated at a recent council meeting that when our wards look good, the City of Las Vegas looks good. We understand that we must do all that we can to push forward, working with business communities and neighbors to make sure that our communities are left in a better condition than we found them. When I started in 1999, the community was dark. Today, the community has light, but that light is just starting to come on. It will get brighter and brighter as we continue to forge relationships with the downtown property owners, the neighbors who are taking pride in their communities and revitalizing their properties, and business owners who are taking advantage of programs. We are just starting to make things happen, and I do not want us to lose the opportunity that is before us at this moment.

Businesses are purchasing land and parcels throughout the neighborhoods. This is private capital investment that had not been taking place before. A group and organization by the name of Community Development Programs Center of Nevada (CDPCN) just opened a brand new 36-unit senior apartment complex. This is right in the heart of the community, giving seniors the opportunity to have amenities they have never had before. In a down economy, when we have the opportunity to see construction moving forward, we know we are doing something right. For that, I want to continue our efforts and to work collectively using our collaborations with the business community and leveraging our tools such as the RDA to ensure this community is left in a better place for my children and my grandchildren. All of these items are not just development tools, they are also the lifeline for our older, more mature communities, such as the historical west Las Vegas neighborhoods—Rancho Manor, Rancho Bel Air, and Twin Lakes—that all fall under the umbrella of the redevelopment agency. I am sure as the Mayor and as Ms. Fretwell continue to speak, they will bring light to the relevant issues that highlight why we need this extension for the City of Las Vegas to continue our great efforts in making sure that we are a world-class city for the world to enjoy and visit.

Elizabeth Fretwell:

I would like to walk through the bill so you can see how all the pieces work together. I will jump around a bit, so please bear with me. Section 3 of the bill

is the transparency and accountability piece. It would require additional reporting for our agency. As you all know, we have been working diligently with the Nevada Governor's Office of Economic Development in trying to advance a regional plan. We also recognize that this is a critically important topic to each and every one of you—this concept of private investment, business growth, and job creation, particularly in southern Nevada where we have been struggling for quite a while. We feel like this is an important addition given the surging small business climate and a lot of new small business growth that we are seeing in the downtown area. We have one of the lowest vacancy rates for business and office space in the region. We are proud of that; it means things are working, and we would like to see that continue. We also know there is accountability that goes along with that. We think this section of the bill helps add to that. It requires additional reporting regarding the health of the Redevelopment Act (RDA) as well the outcomes of our redevelopment activities.

Section 1 of the bill is the extension portion of the bill and would add 15 years to the life of the redevelopment agency. It speaks to the fact that it would free up the opportunity to continue to use those four tools, which Mr. Arent talked about in his presentation, for an additional 15 years. That is an incredible opportunity for us to keep that momentum going because at this point, things like catalyst projects and bonding are not really tools that continue to be available to us without an extension. As Mr. Arent said, because of the current leveraging of the existing revenues that we have, even with that 17 percent growth and the \$1.5 billion dollars in additional taxable value, we are still at that point of breaking even, paying off our debt for prior projects, and not plumbing the line for the next set of projects. That is why this is critically important.

There is one thing that I ought to mention at this point. We have been working with a lot of the impacted parties along the way in the development of this bill, including the downtown business community, which is vitally important, and the school district. We recognize that redevelopment has an impact on the natural distribution of taxes. That has an impact on you and your budgeting process, and obviously, there is a delicate public policy balance between economic development, education, and housing, all of which are impacted by this bill. We have been working with the school district over the last three years to try to figure out a way to mitigate impact. In the last session, there was a bill that created a 9 percent carve-out for educational facilities. We are in the process of developing an interlocal agreement to get those funds spent through the school district. I feel very positive about that. The Mayor and Councilwoman Tarkanian have been personally involved in the negotiations of that agreement with the superintendent and his key staff. We are hopeful that

we will be able to get that before both governing bodies to lay out the framework for how that 9 percent will be spent. In working with the school district, we also know that with this extension, the 9 percent does not get them whole through the extension. We are working with them to try to figure out if we can come up with an amendment that would mitigate impact in the extension period—from 2031 forward. We are willing to work on those things. As you consider this bill we know that it is an outstanding issue, that the school district has concerns and that has a multiplier impact on the distributive school account that you deal with in other committees. We are willing to work with them on that if that is what the Chairwoman would like us to do. We will continue to try to build that relationship.

Section 5 of the bill would return to us a tool that sunsetted a few years ago. This would allow us to create tourism improvement districts (TID). I know there has been a lot of debate in the Assembly about the effectiveness of TIDs, accountability measures, et cetera. We are not necessarily here to debate that at this moment, but we are well aware of that discussion and have had preliminary discussions with Senator Smith. We will continue to work with her because we believe there are projects that could meet the intent of the TID language in bringing new businesses that are tourism dependent and would not be here without that preponderance of evidence that tourism is supporting that effort into our community.

We also recognize that this should not be moving pieces around on the puzzle board; this should be new things related directly to tourism that would not happen without this intervention. The reason I point that out is because in Las Vegas, our tourism happens downtown, and that is the one area in the city that is excluded from the redevelopment tool; it is a little counterintuitive. However, we recognize that the accountability needs to be there. We are completely willing to work with the Committee and Senator Smith and her efforts to make adjustments to the TID language to try to try to create accountability that would give you the comfort level to consider restoring that right to the City of Las Vegas in our primary tourist district, which is downtown.

Section 2 of bill would allow us to make loans. Sparks City Manager Carey mentioned that they do commercial visual improvement program loans. I point that out because the City of Las Vegas only does grants. I have testified before this Legislative body for longer than I like to admit to, and periodically we have to come up and say that our city attorney has interpreted one of your laws in a particular way. Our city attorney has interpreted your laws to say that we cannot offer a loan for this purpose. Other cities are offering loans. We are not. This section would give us the express authority to be able to offer loans so that we can create accountability for performance. That is all this does.

That is covered in section 2 of the bill, allowing us to offer loans instead of only grants. It creates accountability and the ability for the city to be able to be paid back for those investments so that we can recycle the money. We cannot do that now. We would make sure that we remained accountable through those reports that I mentioned earlier in my testimony as well as to the Department of Taxation. We feel like we would be able to use this tool more wisely if it were expressly outlined in the bill.

Finally, as was mentioned earlier, we are asking to delete section 4 of the bill, which is related to a room tax that is currently in place in the downtown area that has helped fund the Fremont Street Canopy during the last two decades. We have been working with our hotel partners on Fremont Street. We need to have more dialogue with them. They have expressed an interest in the concept, but we have more work to do to refine some concepts before we bring it back for consideration by the Committee. We are asking for that section to be amended out of the bill.

I am happy to answer any questions. I know that Mayor Goodman has a few concluding remarks that she would like to make, so I will turn it over to her to wrap up our testimony.

Carolyn G. Goodman, Mayor, City of Las Vegas:

It is wonderful to have this opportunity to address the Committee. I think Mr. Arent and Ms. Fretwell certainly have given you the specifics, but I do have to reiterate the excitement and the energy in our redevelopment area. It is palpable. The interest from abroad as well as from around the country in taking a look at diversifying the economy speaks to the energy, excitement, and potential investment to go forward downtown, and it speaks to helping the state of Nevada. As people come in as groups and individuals and governments come in to look, private individuals for public/private investments and joint work, I see ways that it helps other parts of the state. Of course, we are here with members of our private sector to speak to the issues that are before you on Assembly Bill 50. We have doubled the tax base and have added 1,541 jobs during the past fiscal year, which is what it is all about—to pull us out of this malaise and the sinking economy. I know we are on a tight time-frame, and I am not sure that you do not have questions for us, but it is a wonderful opportunity for us. Please, if there are any questions, feel free to ask. You do not have my business card yet, but I have made sure that I brought them for you. I will leave this \$1000 chip with all of you. If you spend it in southern Nevada, we will arrest you, of course; however, if you spend it up here, it is \$1000 and a business card. Thank you very much.

Elizabeth Fretwell:

That wraps up the testimony from the City of Las Vegas. Madam Chairwoman, we are happy to answer any questions that you may have.

Chairwoman Benitez-Thompson:

You did an overview, but I would like to walk through the bill, blue line by blue line. Starting in section 1, subsection 1, this is where the language is clarifying that this bill is only applicable to cities with a population over 500,000, which is Las Vegas. Then, the 60-year mark—I think I heard one or two different dates about when the redevelopment agency came into play, was it 1986 or 1985?

William Arent:

We started it in March of 1986, so it is due to expire in March of 2031. The additional 15 years would extend it to 2046.

Chairwoman Benitez-Thompson:

In section 2, we are talking about the ability to loan money and to finance. Tell me more about what your big plan is. I cannot imagine that you would ask for the ability to loan without having some concrete thoughts about what projects might be on the horizon.

William Arent:

The city has two very popular programs that were mentioned before. Right now, we have to fund those out of our operating budget. The first of those two programs is the visual improvement program, which is the commercial façade program to fix up storefronts. The second is a program called quick start, where we take a lot of our old commercial building inventory and make available a small grant to fix up the interior of the building. Because we are doing those programs with grants, we have to appropriate new money each fiscal year. Instead of doing it as grants, we would like to have the flexibility to do it as small business loans, which will, essentially, set up the funds so that we will fund the program once and set it up as a revolving fund. Annually, we appropriate about \$500,000 for the visual improvement program. For this fiscal year, we have appropriated \$1 million for the quick start program. We do not believe we will have the ability to continue those programs moving forward unless we structure it as a revolving loan fund. This provision will give us the flexibility to do that. Again, those two programs are really helping a lot of small businesses move into downtown Las Vegas.

Chairwoman Benitez-Thompson:

I want to make sure that we have the Legislative record clear when giving you the language to loan and to finance. You are talking about small loans and small projects with quick start and pay-as-you-go. I know the rest of the

language in that section talks about loaning money for construction of any building, any facility, any structure, but you are telling us now that is not any building, any project, any structure or any other projects other than those that would fall under quick start or pay-as-you-go.

Elizabeth Fretwell:

Yes, there are constitutional protections. We cannot put our full faith and credit behind a commercial activity. If you are worried that we might be selling a general obligation bond for somebody's commercial business, we are not going to do that because there are already protections in the *Nevada Constitution* against that.

Chairwoman Benitez-Thompson:

I wanted to clarify what your thoughts are about the ability to loan and finance. Going down to section 2, subsection 2, the meeting that all the information has to be provided to. The language says "legislative body," but it would be your city council. Is that correct? It also says that would occur seven days before a meeting, so can you talk to me more about how you came up with that seven-day time frame and if you think that is enough time for the public to adequately review all of the contracts and reports that go along with the proposal.

William Arent:

Our thinking here is that we really want transparency with these funds. We already have a lot of transparency in reporting to the Department of Taxation. All of our budgeting is online, but we also want individual financial decisions to be transparent. The thinking is having that seven days, we would also be subject to the open meeting law. In effect, that is close to two weeks or more that the public would have an opportunity to review those projects. We are also doing something administratively where we have established a citizen advisory committee that meets every other month to review projects that the city's redevelopment agency is doing. That is a body that has been appointed by our redevelopment agency board, the city council sitting as the board of directors, so we have that extra layer of transparency that is not embedded in legislation. It has been established by ordinance by the city council. We think we have good transparency, and this is just trying to map into the law some of the things the city is already doing.

Chairwoman Benitez-Thompson:

With these contracts and memoranda of understanding (MOU) that are done, for clarification, are these contracts and MOUs in regard to pay-as-you-go funding and quick start programs or any and all contracts and MOUs that are resolved of redevelopment?

William Arent:

The intent of this section is to impose those requirements if we are making loans. In making loans, we want to make sure that the public understands that we are not unnecessarily putting money at risk. When we do make loans, all the contracts and loan documents would be available to the public. We would be showing the principal, the interest rate, and the underwriting requirements so that the public can see—just like if we were using bank funds, almost like with a loan review committee. We want to make sure that those documents are available to the public so they know what risk, if any, that the city is taking. Again, the intent is to make fairly small loans. We are not trying to put the agency or these funds at risk.

Chairwoman Benitez-Thompson:

I want you to clarify for the record, when you say small loans for small business, is that \$500,000 or a couple million? How much money are we talking about?

William Arent:

Our intent is to make loans of \$100,000 or less. The two programs that I mentioned earlier, visual improvement and quick start, are capped. Each type of assistance is capped at \$50,000. We are talking fairly small amounts compared to our annual revenue.

Chairwoman Benitez-Thompson:

Looking at section 2, subsections 2 and 3, we are talking about redevelopment projects and acquiring property and leasing out that property. In line 34 and then in line 37 on page 3 you talk about the estimated current value. Is that an appraisal value or an estimate that is coming from your office?

William Arent:

This is intended to track what we have to do when we are investing money in other ways. Whenever we are involved with real property, we do appraisals. We have a request for qualifications process. We get an active roster of appraisers that we use, and we rotate so that we do not use the same appraiser each time. The intent here is that we would establish it by appraisal.

Elizabeth Fretwell:

That is already a statutory obligation.

Chairwoman Benitez-Thompson:

It applies to a certain amount of square footage if I remember correctly. Coming down into section 2, subsection 2, paragraph (b), subparagraph (1), sub-subparagraph (III), which is lines 37 through 45, you talk about sales or

leasing that are lower than the fair market value. Could you explain that a little bit more? My understanding is that this area is blighted and probably inexpensive to begin with. Do you have standards by which you allow yourselves to go a certain amount below the fair market value?

William Arent:

We establish by appraisal and as Ms. Fretwell stated we are required to do that under existing law, NRS Chapter 268. We do two appraisals each time we are involved with selling or leasing real property. If we discount the property below the higher of those two appraised values, we do an impact analysis for each project and show if there is a discount—say it is a 20 percent discount below the higher of the two appraised values. We show whether that discount is more than the incentive that the public is getting. We do that analysis for each project to show that the benefit that the public is getting from the project, the new real estate development, the new taxes, the new jobs, is higher than the discount on the land. We do that each time we have a project. Again, this is an added layer of transparency when we are making these investments.

Chairwoman Benitez-Thompson:

I know that you folks buy land in the downtown area and then sell it or lease it. Our Legal Counsel can correct me on this, but I believe that if the footprint of the building is less than 25,000 square feet, then those appraisal processes can be forgone. So, when you say current estimated value, would you then, in lieu of your appraisal process come up with your own for those smaller spaces, which may be in the downtown area, since you are mandating yourself to come up with a current estimate? Is that something your office would generate or is there another way to generate that estimate outside of an appraisal?

William Arent:

There are two types of projects. One is when we are directly involved in selling or leasing real property that we own. Regardless of the size, the current law requires that we do an appraisal. Our intent is to continue that. For the investments where we do not own the property but are doing a small business investment for the quick start or the visual improvement, that is where we would look at a market estimate of the fair market value of the property and what the value is relative to the total cost of the improvements. Often times, in these projects, the private party is spending a lot of money compared to our investment. As an example, for quick start, most of our businesses are spending \$500,000 or more against our investment of \$50,000. We would do an estimate using comparable market values of what the real estate is. However, because of the size of the investment that the private party is making, they often have an actual appraisal of the value because they are looking to get bank financing to help with the project. To clarify, we will continue to do

appraisals when we are selling or leasing real property. For loans, if we are making loans where we are just helping with the cost of renovating the property, but not selling or leasing, that is when we will do a fair market value estimate using comparable estimates in the market place.

Elizabeth Fretwell:

We also take that document to council as a resolution, so the council, as a part of their decision making process, has to ratify a resolution that has all of those findings that Mr. Arent indicated. If we are selling for less than market value, less than the high appraisal, we have indicated why the discount is what it is in the action that is taken to council. It is very clear to the public why there is a discounted value.

William Arent:

I want to clarify as well that a lot of the language in section 2, subsection 2 is a mirror of existing language in statute for when a redevelopment agency invests in a project. We wanted to keep all those same requirements when we are making loans. Much of this language should already be in NRS Chapter 279 for redevelopment agencies in general when they are spending money on projects.

Chairwoman Benitez-Thompson:

I wanted to make sure of the intent around that current estimated value. I know that you are above board and would never intend to have any sale or broker issues.

On page 4, lines 4 through 5, you are talking about that you will give an explanation that will come into the report that you will send to the city council and for the public explaining why a land is being sold below the fair market value.

William Arent:

That is correct. There is also a pass/fail test that asks whether such a sale will meet the requirements of statute as far as physical improvement of property. That is what this language references. Again, this language should already be in the NRS for other types of investment by redevelopment agencies. We are mirroring this language for the provision that is making loans. This is for the purpose of transparency and accountability so that this body and the public can understand how we are investing money.

Chairwoman Benitez-Thompson:

This is part of existing language, but could you spell out the process referenced in section 2, subsection 3, paragraph (b) for the Committee. It says, "No other

reasonable means of financing those buildings, facilities, structures or other improvements are available." Does that mean, somewhere in the redevelopment process when you are considering any type of financing or loan, the business has to come to you with some kind of proof that there is no other way to get a loan from a bank? Do they have to come in with denials or something like that?

William Arent:

That is generally correct. What we require from each project sponsor is an affidavit stating that there is no other reasonable means of financing. Oftentimes, we will get terms sheets from banks outlining the terms, and those terms are prohibitive enough that they would prevent the project from occurring. A way to think of it is that without the assistance of the redevelopment agency, the developer would not be able to build the project.

Chairwoman Benitez-Thompson:

I think Ms. Fretwell did a good job of walking us through section 3 and the information that has to be reported. In the statement of revenues and expenditures that are going to come from your agency, does that include the abatements that you are giving on lands or the breaks that you are giving on leases and deals as an expenditure? Is there somewhere in that report where that is reflected?

William Arent:

Looking at section 3, subsection 3, it is the intent to show all the revenues and expenditures. For the tax abatement, I would like to make a clarification; technically, we are not abating because we are not collecting the tax. Think of it as a flow of funds. When a project is built, such as the Premium Outlet Mall, when the developer writes their check for the property taxes, they are paying it to the treasurer. The treasurer distributes funds on a quarterly basis to the agency. What we are doing is more like a revenue share agreement in which we are allowing the developer to share in some of the future revenue that we would not have if it were not for their investment. For the Premium Outlet Mall, of the new revenue that was generated for property tax, 41 percent is issued back to the developer in the form of a promissory note. That does show up in our schedules of revenues and expenses, and you can see each of those types of investments. We call them tax increment financing notes. We are reimbursing the developer for moneys that they put out up front. The advantage of doing that is instead of the redevelopment agency putting money into infrastructure to replace an outdated sewer line or other infrastructures such as utilities, the developer is doing it at their expense and risk, and we are offsetting that cost by the reimbursement through the tax increment financing note.

Chairwoman Benitez-Thompson:

What I was getting at is what you were saying about that 41 percent of the sales tax and that somewhere that ends up as a hard number in a report.

William Arent:

The property tax is what the developer is sharing in. We do not see any sales tax money directly. All that new sales tax revenue—the \$22 million—comes up to state taxation and is distributed by the formula. It is just for the tax increment revenue, which is the new property tax attributable to the new development.

Elizabeth Fretwell:

The short answer to your question is yes, it is going to show up in the document. You will see in and out of the 41 percent commitment.

Chairwoman Benitez-Thompson:

Will we see that in hard numbers?

Elizabeth Fretwell:

Absolutely.

Chairwoman Benitez-Thompson:

I would be remiss if we did not have a conversation about the stricken language in section 5 and the tourism improvement districts (TID). Talk to me about that a little bit more. Once again, I know you would not ask for something if you did not have some vision about how it would play out down the line. Creating a TID within a redevelopment area, are you just looking for the ability to do that just in case? What are your concrete thoughts of how that will play out?

Elizabeth Fretwell:

We are the only areas that are restricted from this tool. Even if we met the preponderance of evidence that we would qualify for the tool, we do not have it available to us. We were given a limited period of time to take advantage of it. As things move forward, there may be retail opportunities that present themselves in Symphony Park or in other areas of downtown that might meet that criteria, but would not be eligible for that source of funding to make the project happen. As you know, all that funding must go back into that project's success, so it is similar to some of the tools that we use for increment financing. It is based on project success. If not for that project being there, you would not have those revenues. We do not have a specific project that we are asking permission for, but it is counterintuitive that the tourism area in the City of Las Vegas is the one area that is excluded from the tourism financing mechanism in the state law.

Chairwoman Benitez-Thompson:

So, you do not have any specific projects in mind and specific areas within the redevelopment district that you are thinking of.

Elizabeth Fretwell:

There are some areas that might meet the criteria, but it is premature for us to spell those things out. For example, we have about one-third of the Symphony Park area developed. Some of that, as it continues to grow, might qualify for a TID study and a TID district, but it does not at this time. If creating a TID were what it took to make a project happen there and if it would not happen without that assistance, then it would be a good tool for us to have. We have one TID in the City of Las Vegas that did meet the criteria and was approved and in place prior to us being sunsetted out of the TID language. That is adjacent to our post office, Mob Museum area, and we are still working on that. The kind of funding that would come from the retail operations there would pay off city debt and could help us pay for parking infrastructure that is desperately needed downtown. There could be other tourism destinations that might make themselves appealing to meet that criteria. As I said earlier, we recognize that there have been some limitations.

Chairwoman Benitez-Thompson:

I think that you folks understand that this Committee has heard a lot of different testimony regarding TIDs and how those have or have not worked out in the way they were intended. It always looks good at the beginning, but hindsight can be a very different picture.

With that, I will open it up for questions from the Committee.

Assemblyman Stewart:

I think you have done an excellent job of going over the technicalities of the bill. I want to congratulate the four of you on the great job the City of Las Vegas has done in the past—both the previous mayor and the current mayor—in terms of accountability and transparency. The results have been very impressive. I have questions on the status of some projects that have already occurred. What is going to happen to the old children's museum? Will some of this money go toward utilizing the old transportation center better? Is the Lady Luck on schedule to open? I know the Mob Museum, which I have been to and was very impressed with, has less attendance than it used to. Do you have plans to advertise it better to get the numbers up? Finally, are there any plans to bring back the 99-cent shrimp cocktail at the Golden Gate?

Carolyn Goodman:

There is a preview night at the Lied Discovery Children's Museum, which is opening on the southwest side of The Smith Center, on March 1. March 9 is the general opening to the public. If you have not received an invitation already, I am amazed. I would image all of you should have an invitation. As far as the old Regional Transportation Commission (RTC) building, it is currently being used, and I think one of our downtown business alliance people will speak to that as they would to the Lady Luck. The projections on the Mob Museum were strong. I think with the return of the advance from the city to receive the historic tax credit, their numbers were over 225,000 visitors. I think they felt very good about that, but it had a lot to do in this first year with them making the dollars available on the market. That is a huge cost to them. The museum is popular both nationally and internationally; the British love the mob history of Las Vegas. I am sure they are allocating there, and it has to do with funding. Hopefully, as our guests from Las Vegas speak and answer the other questions for you, you will know more. I will turn the microphone back to Ms. Fretwell.

Elizabeth Fretwell:

Just to add a little more to the Mayor's answer, the Lady Luck reconstruction is underway, and they have been working for quite some time on getting their infrastructure systems correct. I believe Seth Schorr is here, and he is the one who is shepherding that project along very proudly. He may be able to provide you with additional details on their construction plans, but they are supposed to perform within this year. We are anxiously awaiting the completion of their project. In regard to the old children's museum on Las Vegas Boulevard, we are actively working with the Natural History Museum to have them fill in some of that unoccupied space. We are working in a partnership with them on that, and we are hopeful that will make a good transition. It is a bit of a tough project because it is hard to run two museums across the street from one another, but nonetheless we are working with the Natural History Museum on that as well as the library district about the use and future of their facility, which is a critical piece of service for the downtown area. Right now, the downtown transportation center is being used for a farmers market on a weekly basis. It has great traffic going through there. Toward the end of the year, the Lady Luck is going to be reopened, and Zappos is going to open. Along that Stewart Street corridor where the Mob Museum is, there will be a lot of activation. The city has been investing in infrastructure along that streetscape, which you have probably noticed if you have driven down through there, including lighting; improved widened sidewalks; and other visual aesthetics. We are hoping that those projects opening are going to have a big impact on the museum's numbers next year. It is kind of hard when you have a dark city hall building and two dark Lady Luck towers and two blocks disconnecting you from

Fremont Street to hit those numbers in year one. We are hopeful that getting all of that activated will have a tremendous impact on the Mob Museum.

Assemblyman Stewart:

There is no hope on the 99-cent shrimp cocktail, then?

Carolyn Goodman:

We have forgotten because it has not been asked, but the old Reed Whipple Cultural Center is now occupied by the Shakespeare Company in southern Nevada. We are very excited about their continuing operations. They have brought back a longtime favorite of Las Vegas, Rosemary's Restaurant as well. That is adjacent to the old Discovery.

Assemblywoman Neal:

First, I want to be clear on the commercial lending. Are you going to limit yourselves in terms of commercial loans?

Elizabeth Fretwell:

Yes.

Assemblywoman Neal:

Concerning west Las Vegas, when you have used the tax increment financing, how much of the recycled revenue have you seen returned to the property tax base? Since you are up to your maximum level for low-income housing, and you have that 18 percent set aside, what are you planning on doing with that money? Will it be recycled, or will it just sit and accumulate?

Elizabeth Fretwell:

As far as the low-income set-aside, right now that is split. Nine percent goes to affordable housing, and 9 percent goes to educational facilities. That was a change from last session. As I mentioned before, there is still 9 percent that is being invested in everything from tenant-based rental assistance to affordable housing projects. We have made significant investments in senior housing, veterans housing, and a variety of other types of projects similar to that. We continue to do so as long as those funds are available for that express purpose. We have been working with the school district to create an interlocal agreement to transfer the 9 percent educational facilities funding to them. We are still in the process of working that out.

Assemblywoman Neal:

Is the school district money going to be limited to only the schools that are in redevelopment, or will they have capacity to use that for capital projects outside of the redevelopment area?

Elizabeth Fretwell:

We would like to see a nexus. A school that serves a redevelopment area may not necessarily be located in the redevelopment area. If we could talk about a nexus, we would prefer that. Many of our older and underperforming schools are in the heart of downtown in the area that we are discussing, but we also recognize that there are competing demands that the school district has for physical improvements to their facilities throughout the valley. Those are the kinds of things that we are trying to work out in the interlocal agreement. Our preference is a nexus because that is where the development is going, and we would like to see the productivity in the schools in that adjacent area start to improve. Some of the lower-performing schools are in the heart of downtown, and that has an impact on business attraction and retention, so we want to see higher-performing schools there, and I know the school board and superintendent do as well. I am sure Nicole Rourke would come up here and tell you the exact same thing.

Assemblyman Ellison:

How are you tracking your success? If you look at the outlet mall and the Fremont Street area, that has been a major success, but how are you tracking the revenue based on the taxes that go into the redevelopment to justify the continuance of a project?

William Arent:

We are doing this through two different methods. The first is the tax increment revenue that is coming back into the agency and how that has grown over time. We think the fact that the tax base has roughly doubled from our original in 1986 is important. We track revenue annually. We track all of the new projects that are coming on to the tax rolls. We are starting to develop a software package that can track the property taxes—which is the direct new revenue—and the additional spending, including sales tax and modified business tax, so that we can see how redevelopment has benefitted in growing the tax base and how it benefits other jurisdictions—new sales tax, consolidated tax, and modified business tax. That is something we have been doing on an annual basis, but now we will be doing it for every project so that we can show our impact to all of our stakeholders.

Assemblyman Munford:

My question is for Councilman Barlow. I wanted to ask you a few questions about some plans and projects in the old historic west Las Vegas because you and I have the same constituency. What is the status of the west side project for the old historic school, D Street, and F Street—where is that street at in terms of being reopened?

I wanted to make a suggestion as well. When you do get to the Westside School, which is an old historic school, one of the first schools built in Las Vegas, why could we not attach a museum project that would highlight historic west Las Vegas? We have a museum sitting idle in the community, so I wanted to see if something could be done to attach that to the project with the Westside School. What do you think about that?

Ricki Barlow:

First, thank you for bringing that out. I will start with the Westside School, which, as you know, has been registered on the National Register of Historical Places. It has also been registered at the state and local level. We are excited about this 1923 elementary school building, which, to my understanding, is the oldest standing elementary school still structurally in existence in the state of Nevada. We are excited to have this very beautiful building in the City of Las Vegas. It is a jewel, just as the Fifth Street School is to downtown Las Vegas, as it relates to the historical west Las Vegas community.

The City of Las Vegas has been working very diligently with a local architect, KME Architects, LLC, that has been doing a wonderful job as it relates to garnering the community in over 20 to 30 neighborhood meetings to reprogram the historical Westside School to make it an exciting place—a watering hole for the entire community to enjoy. The plans that we have pertaining to the redevelopment of this project include a historical museum component in the plan. Currently, KCEP Power 88 is housed in the old school, and we are looking to move them to the annex area of this property and make their current location into the museum.

We are open to conversations about the specifics because we want to make sure that the story of this historical community is being told in an accurate manner. Of course, we do not want to duplicate services, so we want to have that conversation with other museums and make sure that all of the historical facts are in place and that the appropriate people are in place to carry that forward. In addition to that, this redevelopment project of the historical Westside School is bigger than just one building. We are looking at a total master plan of a specific area to include the renovation of D Street. Currently, D Street will be going under construction, thanks to the public works department in the City of Las Vegas, with new sidewalks beginning at Washington Street and ending at Owens Avenue. On D Street, there will be complete street overhaul, new historical lights, wider sidewalks, and landscaping down the median to tie into the redevelopment of the historical Westside School.

In addition to that, there will be a café component and a small business component. A small insurance company or an architect firm, for example, will have an opportunity to house their business inside of the school.

Along with that, we are looking at the redevelopment of some market rate apartment-style residences as part of our vision moving forward. As it relates to F Street, my understanding is that they will be breaking ground this year. As you well know, the Mayor and Council voted to move this project forward, and we are looking forward to this construction getting underway so that the community will have an opportunity to have the access points that they very much need and desire. It is all about the walkable communities that our Planning Manager, Flinn Fagg, has been working on as far as a walkable community concept, making sure that all of the access points throughout this area into downtown are free to not only cycling, but to pedestrians and motorists. Later this year, F Street will be underway, if there are no delays going forward.

Were there any other items that you wanted me to touch on, Assemblyman Munford?

Chairwoman Benitez-Thompson:

Actually, we are running short on time and need to be on time to the Assembly floor session. I will allow more questions and other testimony that needs to be heard.

Assemblyman Oscarson:

First, I am very excited about what you are doing down in Las Vegas. My grandchildren are very excited about the museum and the rest of the activity in that area. Regarding the fiscal note submitted with this bill, is there any physical impact regarding that note that should be discussed that might be listed elsewhere or is there no physical impact at this point?

Elizabeth Fretwell:

Not negative, no.

Assemblyman Oscarson:

Does the note not say positive as well?

Elizabeth Fretwell:

What this would afford us is some opportunity to keep things alive at the current rate for a while longer. Usually, when we are putting together these fiscal notes, it would be hard for us to estimate that positive impact going forward.

Chairwoman Benitez-Thompson:

I think was Assemblyman Oscarson is getting at—and that will probably be a conversation at a different time on different bills—is about tax expenditure. We have to consider what we are giving for what we are getting, especially when we are looking over a number of different years.

Assemblyman Elliot Anderson:

I think I am generally favorable to the concept that we want to keep the momentum going, but I want to discuss section 5, the tourism improvement district (TID) section. The experience in northern Nevada has not been great with the TIDs with businesses closing in areas outside of the TID and then opening inside of the TID, basically benefitting themselves at our expense. They are not bringing in tourism. Like the Chairwoman, I appreciate your willingness to support the policy changes and accountability changes, but I would like you to get more specific on what you would support and how we would go about avoiding the experience that northern Nevada has had with these districts. It is important. Our experience in this Committee has been that TIDs are very bad, so we need to figure out how that works.

Elizabeth Fretwell:

We are more than happy to sit down and talk with you about that. My impression was that there would be another bill regarding those accountability measures and the retooling of the TID. That is why I limited my comments to that. We are more than willing to sit down and talk to you about what it would take to create that structure that would work for southern Nevada, if that works for the Committee.

Assemblyman Daly:

I will be happy to cut a few of my questions short and speak with Mr. Olivas afterward. I have concerns that we may need to include some language in *Nevada Revised Statutes* 279.500 in regard to the loans. The technical question I have, in section 1 it is clear that this bill, or at least that section, would only apply to the City of Las Vegas. When I read the next section and the sections that follow, it appears there may be a flaw in the draft stating anyone can give a loan, but only Las Vegas has the extra reporting requirements. It is not clear, the way it is written, and the same is true with section 3 and with the exemption in section 5. It says any agency, but it only specifically spells out that the reporting requirements apply to a city over 500,000 residents. As I listen to your testimony, that is not your intent, or at least that is not what I heard. I need to know if it is your intent or if you are opening up that anyone—any redevelopment agency, any redevelopment agents—can give loans or sales tax revenue bonds districts. Any redevelopment

agency can do this, but you are the only ones with the extra reporting. That is the way it reads, intended or not.

Ted Olivas:

You are correct. Section 1 is City of Las Vegas only. Section 2 is the clarification that Ms. Fretwell talked about earlier; some jurisdictions are doing loans. Our city attorney says that it does not say ability to do loans in the statute, so that was a clarification. That is a general section, as you mentioned. The reporting requirement in that same section is City of Las Vegas only. Section 3, the new annual reporting is City of Las Vegas only. Section 4 is stricken. Section 5 relates to all redevelopment areas. It is a mixture. Most applies only to City of Las Vegas, other than a portion of section 2 and section 5.

Assemblyman Daly:

Why would we not want all of the redevelopment agencies to be accountable? You are asking for clarifying language. Other agencies are already doing it due to their own determination. Why would we not want that transparency for everybody?

Ted Olivas:

Many of the provisions in this bill are processes that we think are appropriate for our agency. We have not had a statewide discussion with the other redevelopment agencies, so we wanted to make sure that this was very specific to the City of Las Vegas.

Assemblywoman Pierce:

I know that your amendment says to delete section 4, but I have some questions. The piece of the rental car tax went to the surcharge that we voted for in 2003 went to bonds that helped build The Smith Center. Is there no part of the rental car money that goes to daily operation of The Smith Center?

William Arent:

That is correct. The car rental tax was monetized by the City of Las Vegas. We issued bonds to take that revenue stream and inject in capital. It went, 100 percent, to the construction cost. Those bonds were a little bit over \$101 million dollars, which funded more than a third of the construction costs. Without that, the project certainly could not have been built.

Chairwoman Benitez-Thompson:

We are looking at policy that will impact your city until 2046, so it has been worth the time to establish the Legislative record today. As your city council changes, as administration changes—Mr. Olivas, I imagine one day you might

not be the lobbyist for City of Las Vegas—they can look back and see what your intent is for this legislation and what you would like us to enable you to do. I will go ahead and take more testimony in support of A.B. 50.

Terry Murphy, President, Downtown Las Vegas Alliance:

Our mission is to serve as a collaborative leader devoted to creating an attractive, vibrant, diverse, and sustainable urban core. We have over 45 members, both nonprofit and for-profit businesses, and we are an all-volunteer organization. I would like to talk about the history of the redevelopment agency from my personal background. In 1991, I began to work for Clark County, and at that time—just five years after the creation of the redevelopment district—Clark County, because of its existence, chose to locate its administrative headquarters in downtown Las Vegas. At the time they had been contemplating moving out to Bureau of Land Management property on Lake Mead in Buffalo, but the mayor at that time, Jan Jones, enticed the county to stay downtown and sold that 40 acres, where the government center and the RTC now sit, to the county for the sum of \$25, if my memory serves me correctly.

I start with that, only to illustrate how long it takes redevelopment to really catch on. To the outside world, it might seem that we are an overnight success, but the creation of the redevelopment agency in 1986 and the subsequent acquisition of the 61 acres now known as Symphony Park were seeds that were planted many years ago.

Moving on, I would like to say that I am proud to serve as an advisory board member to The Smith Center for the Performing Arts, and to illustrate the broad reaching effects of the redevelopment agency. It does not only impact the people in downtown, but over 400,000 residents have The Smith Center available to them in its first year of operation. In addition, 40,000 schoolchildren have visited The Smith Center. It would not exist today if it were not for the redevelopment agency. Since its inception, the restaurants and bars and other small businesses in the area have been injected with a great shot in the arm from that existence.

Our organization, the Downtown Las Vegas Alliance, conducted a survey of all southern Nevada residents in May of this year, and we learned that 79 percent of southern Nevadans have a positive view of downtown; 81 percent believe that downtown Las Vegas is going in the right direction; 84 percent would recommend visiting downtown to friends and relatives; an overwhelming 93 percent of those who have visited downtown in the last year had a positive experience. With that, I would like to turn this over to my colleagues, beginning with Rich Worthington, who is the immediate past president of this organization

and was really the catalyst behind making our success and leading us through the recession to where we are today.

Rich Worthington, President, Molasky Group of Companies:

We have been involved in downtown Las Vegas since 1975 with the initial design, construction, development, and ownership of Bank of America Plaza, then known as Valley Bank Plaza. We supported the formation of the redevelopment agency in 1986, which was about two years before my joining the firm. We supported the extension of the sunset of the redevelopment act that I believe happened in the late 1990s or early 2000 and took the sunset out from 2016 to 2031. Again, our company supports Assembly Bill 50, which would extend the sunset further to 2046.

I will keep my remarks brief, but I want to share some observations and comments as it relates to our experience in the RDA. After Bank of America Plaza in the '70s, we did not do much in downtown Las Vegas. The area had, as you heard before, blight and many issues. The reality was economic incentives initiated our interest in the downtown area. That started with the Internal Revenue Service (IRS) building on Grand Central Parkway near F Street. That project had received about \$36,000 a year in tax increment financing, which was the tipping point—the three cents a foot—that we needed to win that fund with the General Services Administration.

The importance of that is these incentives are like coupons or rebates when you go to buy a car. By themselves, they do not make the deal, but they can be tipping point on very important strategic projects. For us, the tipping point was bringing an existing 215 employees from a county location to downtown and adding 200 new jobs. The IRS has 450 employees in that location. That was a small seed that created approximately \$100,000 a year in property tax revenue, of which we participated to the extent of 41 percent then, which was available under the arrangements with the City of Las Vegas.

That project started and was the genesis for the Molasky Corporate Center, which is 300,000 square feet next door, with a thousand people in the building, all of which make payrolls, and pay payroll taxes, buy groceries, and own or rent homes, and in other ways contribute to the economic vitality of our community. The first tax bill for the Molasky Corporate Center was a million dollars. We planted the seed with 41 percent of the tax increment financing on the IRS building—about \$36,000 a year initially, which has grown to top out at about \$40,000—and we created another asset that generated property taxes of a million dollars in its first year. We brought additional jobs to the downtown that were previously elsewhere. The net creation of jobs was an additional 500 to 600 jobs over what these agencies had elsewhere.

Our firm looks at the RDA, the incentives, and the increments available, and their bag of tricks, if you will, as economic development tools and potentially the tipping point that takes deals from infeasibility to feasibility. That is our experience. We have developed \$700 million in real estate in the last five years, all public/private partnerships, and 90 percent of those projects attracted us to specific sites in specific communities due to these economic incentives. We are very experienced with it; we understand the importance of it. For that purpose, we really support Assembly Bill 50, the extension of the sunset, which allows for the fiscally responsible refinancing of existing debt.

If any of you had a home mortgage at 10 percent or 11 percent, and rates were 3 percent or 4 percent, it would be irresponsible of you not to seek to refinance your mortgage. It frees up money for groceries and saving for other discretionary and necessary household needs. That is what the city is doing here. I think they have really demonstrated the financial acumen and responsibility with the use of these very precious resources, the tax dollars, to leverage and create a vibrant economy in the downtown. I have seen it as the chairman of the alliance for the last six years. I see it as a developer and a businessman who has invested over \$200 million in downtown Las Vegas, and the net additional jobs that the economic redevelopment has brought to the table.

Miles R. Dickson, Principal, Moonridge Group Philanthropy Advisors:

Our firm is based in Las Vegas, and we advise clients around the country on how to maximize their charitable giving. In short, we work with corporations, private family foundations, and individual philanthropists alongside high-impact nonprofits to maximize their collective impact and uplift the quality of lives of the people they serve and touch.

I am here today to express our firm support for Assembly Bill 50. Our clients and colleagues, those who charitably give considerably of their private and corporate wealth, are increasingly focused on public/private partnerships. They are looking for partners in government. Their charitable investments, like for-profit investments, are enticed and ultimately induced by partnerships with redevelopment authorities. Indeed, in metropolitan communities across the country, redevelopment authorities are playing the key catalyst role in attracting private philanthropic investment. Take, for example, the Cleveland Clinic Lou Ruvo Center for Brain Health in downtown Las Vegas. Because the City of Las Vegas's redevelopment authority provided important initial infrastructure investment, some \$70 million of private philanthropic dollars followed. The result, well beyond a beautiful neighborhood, is that Nevada is now home to one of the world's leaders in brain health, patient care, and clinical research. The Las Vegas redevelopment authority is playing a key role in our community's

social sector. As long as that leadership role continues, private philanthropic investment will follow. That is why, from our point of view, extending the redevelopment authority is absolutely critical.

Jonathan Jossel, Board of Directors, Downtown Las Vegas Alliance, and Managing Director, Tamares, Las Vegas:

Tamares is a private investment group that invested in downtown Las Vegas in 2005 because of the bright future and excitement that they believed could be a part of their investment. Most recently, we have undertaken the renovation of the Plaza Hotel and Casino and are considering plans for our other gaming properties downtown. I wanted to share one of our smaller properties, which is on the Fremont East entertainment district with you. When I came to town in 2007, it was an entertainment district with only a couple of venues in it and not a lot else. We removed some of the businesses there that were not contributing to the community, and we waited for some of the more unique, smaller restaurants, bars, and taverns that the city so badly wanted there. The biggest issue was they struggled with some of the startup costs. It was in partnering with the city and getting some of the incentives from the redevelopment agency that they were able to get open. Today, that is one of the most exciting blocks in the whole area of downtown, including the new Thai restaurant, so it has been a real big boost for the area that was made possible by partnering with the redevelopment agency. That is why we are here to support Assembly Bill 50.

Russell Rowe, representing Boyd Gaming Corporation, Zappos, and Nevada Development Authority:

All of the entities that I am representing strongly support Assembly Bill 50. Boyd Gaming has been around a long time and considers downtown Las Vegas its home and birthplace. It has been committed to the city and its redevelopment efforts for some time. Although we are not engaged in redevelopment, we are certainly a partner in that as a business that is vested in the city. We are certainly beneficiaries of the city and the success that they have had that we are all beginning to see downtown in the excitement that is beginning to be generated downtown. We want to see that continue.

Zappos sits in the exact same position. They are much newer to the city, and can be credited as being a driver of part of the redevelopment downtown. They very much want to see the efforts that have been made to continue and the successes to continue. We want to voice our support for that as well. With respect to the redevelopment agency, I think sometimes it is lost when it comes to the significant ties between economic development and redevelopment. What a lot of people do not know is the efforts that the city made in furtherance of legislation that you adopted last session to restructure economic development and the City of Las Vegas, in particular, was a leader in helping to

restructure the Nevada Development Authority, which is continuing. In particular, Mayor Goodman, Ms. Fretwell, and Mr. Arent, and Scott Adams, who is not here, were primary drivers in that. When you get into the weeds of economic development, you realize you cannot separate economic development and redevelopment, as Miles Dickson mentioned earlier about the success of a redevelopment effort that is really tied into economic development and the regional plan and your state plan. We strongly encourage you to support the city in this effort.

Seth Schorr, CEO, Fifth Street Gaming:

I am the CEO of Fifth Street Gaming. We are currently developing the Downtown Grand. I know that our public relations efforts have not made it here up north, as I keep hearing it referred to as the Lady Luck. The Downtown Grand Hotel and Casino is scheduled to open this fall, which we are very excited about. As many of you know, we also operate the Gold Spike in downtown Las Vegas. The Lady Luck has sat empty for many years. It was only two years ago that we were able to receive the financing that was needed and move forward with this project based on all the other exciting things that are happening in downtown Las Vegas, such as The Smith Center, the Mob Museum, Zappos, and the success of the Premium Outlet Mall. As a matter of fact, I have spent many weeks in China, raising over \$100 million for this effort. What the international community is interested in, and what the Chinese ask about are the development projects that are taking place today. We are able to leverage that excitement which gives the investors the confidence they need to make such a significant investment.

I also currently operate a restaurant in downtown Las Vegas called the Triple George Grill. I invite you all to try it. When The Smith Center opened a year ago, our revenues increased by 40 percent. We were very happy, then, to have to increase our labor by 20 percent, immediately increasing jobs. We have seen an increase in visitation from the Mob Museum. There was a question asked earlier about their visitation. We believe, as we work very closely with the Mob Museum, that their visitation will increase significantly once the Downtown Grand is opened.

Additionally, we are developing the only tourist improvement district (TID), what we refer to as the post office block, which is the area around the Mob Museum. I will tell you frankly, that land would be very hard-pressed to move forward in development without the TID. We are actually looking at many different retailers. On the short list is a premium outlet mall, similar to what Simon Property has done 26 miles from our front door. The Premium Outlet Mall has been a huge success and is one of our major strategic components when we encourage international guests to visit downtown Las Vegas. In particular, one

of our major demographics that we go after to increase visitation in downtown Las Vegas is the Chinese market. For the Chinese consumer, the number one reason that they come to the United States is for retail. We are very excited about that.

Lastly, and most importantly, while we will not be bringing back the 99-cent shrimp cocktail, I do have a few other casinos in Las Vegas that have \$5.99 steak and shrimp, and I invite you all to try that.

Chairwoman Benitez-Thompson:

Thank you for that. Quickly, I do have to get the Committee to the floor. I know that many of you have prepared testimony. Please submit anything written; otherwise, please fill the chairs for support with a simple statement of "yes, I support" or "ditto" so that we can move along.

Sam Cherry, CEO, Cherry Development:

The last ten years we have developed over \$150 million in residential high-rise products and opened four businesses. We really do not use much tax increment financing, but we do go to the agency and ask for sidewalks, streetlights, and parks. We think it is a valuable tool moving forward.

Jonathan Leleu, In-House Counsel, International Market Centers:

We are the owner of World Market Center in downtown Las Vegas. I am happy to say that we are in support of Assembly Bill 50. We do use tax increment financing. It was used for the development of our property, and we believe that the city is more than an able partner and a strong advocate for downtown redevelopment. Redevelopment attracts business, and they attracted us. When you are going to build a convention facility, you are going to build it near the hotels and the attractions. That is exactly the opposite of what World Market Center did. It built it downtown because of the incentives. Now, the incentives are being used to redevelop hotels and attractions down there. It is being used to sustain the business. I think we need to look at redevelopment in a two-facet construction. First, it attracts business. Second, it sustains business. We are in strong support of A.B. 50.

Brian McAnallen, representing Las Vegas Metro Chamber of Commerce:

Ditto to everything that has already been said. We are especially interested in the efforts to encourage small businesses to move into the area and provide the loans. We also appreciate the extra transparency and accountability with section 3.

Jeff Victor, President, Fremont Street Experience:

The Fremont Street Experience was created in 1995 to help survive the downtown core, which is kind of the hole in the doughnut for the valley of Las Vegas. We have survived since that time in spite of the fact that there has not been a lot of development around us. The recent activity that you have been reading about is a truly special American story, and the RDA has made that possible. If you can see gaming revenues, growth no longer trails that of the strip. The numbers in downtown actually exceed that of the strip and have been doing so for the last two years. The RDA has been a big part of making that happen.

Brian M. Weigand, Executive Vice President, Focus Commercial Group:

Ditto to everything that has been said. We are 100 percent in support of Assembly Bill 50.

Chairwoman Benitez-Thompson:

Is there any other testimony in support from Las Vegas? [There was none.] I will now take testimony in opposition, which means you might agree with the spirit of the bill but have issues with the way it is written or with technicalities. Please appreciate the time we have left and get your comments onto the record, and if you have something written, I will make sure to follow up with you.

Nicole Rourke, representing Clark County School District:

The Clark County School District opposes Assembly Bill 50 as it is written; however, subsequent to Ms. Fretwell's comments, we will be happy to work with the city on an amendment that would mitigate the concerns of the district. I will submit the rest of my testimony in writing to the Committee ([Exhibit H](#)).

Dotty Merrill, representing Nevada Association of School Boards:

With respect to your time, I would have focused my comments narrowly on the policy issue that you have heard described as a delicate balance related to the objectives of this proposal and revenues for the Clark County School District and the Distributive School Account funding, but I will be glad to submit my testimony in writing ([Exhibit I](#)). If the amendment as has been described works out, then that might mitigate the concerns we have about the interplay between the loss of property tax revenues and the impact not just for Clark County School District, but for all of the other 16 school districts in the Distributive School Account funding.

Jack Mallory, representing Southern Nevada Building and Construction Trades Council:

We support the intent and application of Assembly Bill 50. Our concern is relative to the issue that was brought up by Assemblyman Daly regarding the

application of loans and/or financing as it relates to *Nevada Revised Statutes* (NRS) 279.500. We believe that the definition of financial incentives as it applies to requirements of NRS 338.010 to NRS 338.190 be clarified to include that. Additionally, we believe that there should be greater emphasis placed—and I am not sure if there is a way to do so in this legislation—on employing people in all phases of redevelopment projects, both the construction and the operation of the facilities, once they have been completed and opened, by people who actually reside in those blighted areas.

Chairwoman Benitez-Thompson:

Is there any more testimony in opposition here or in Las Vegas? [There was none.] I will take testimony in neutral.

Paul McKenzie, representing Building and Construction Trades Council of Northern Nevada, AFL-CIO:

We support the idea of redevelopment. When redevelopment is done right, it creates jobs. The construction jobs, if the redevelopment agency follows the law, are good paying jobs. We would caution that there are some areas of concern with redevelopment where we have redevelopment agencies entering into agreements, which are coming back on the general funds of the cities that they are formed in. I will be happy to forward the specifics to you in writing to save time ([Exhibit J](#)).

Chairwoman Benitez-Thompson:

Is there any other testimony in neutral? [There was none.] I will close the hearing on A.B. 50. I will open the microphone to public comment. [There was none.] This meeting is adjourned [at 11:24 a.m.].

RESPECTFULLY SUBMITTED:

Jennifer Dalton
Committee Secretary

APPROVED BY:

Assemblywoman Teresa Benitez-Thompson, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 27, 2013

Time of Meeting: 9 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Shaun Carey / City of Sparks	Presentation
	D	Shaun Carey / City of Sparks	Assessed Value History Graph
A.B. 50	E	Ted Olivas / City of Las Vegas	Presentation
A.B. 50	F	Ted Olivas / City of Las Vegas	Urban Redevelopment Projects FY
A.B. 50	G	Ted Olivas / City of Las Vegas	Proposed Amendment
A.B. 50	H	Nicole Rourke / Clark County School District	Written Testimony
A.B. 50	I	Dotty Merrill / Nevada Association of School Boards	Written Testimony
A.B. 50	J	Paul McKenzie / Building and Construction Trades Council of Northern Nevada, AFL-CIO	Written Testimony